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Message Text

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61
ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 NEA-11 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 AID-20 EB-11 CIEP-02 TRSE-00

STR-08 OMB-01 CEA-02 COME-00 FEA-02 INT-08 SCI-06

DOTE-00 HUD-02 IO-14 NIC-01 DRC-01 /203 W
---------- 016875
R 131507Z FEB 74
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 7701
INFO AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY ROME
AMEMBASSY TRIPOLI

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EO 11652: N/A
TAGS: ENRD, ETRD, PL
SUBJECT: POLISH-LIBYAN ECONOMIC AGREEMENT SIGNED DURING VISIT OF LIBYA'S PREMIER

REF: (A) BUDAPEST 0216; (B) ROME 1902

1. SUMMARY: LIBYAN PREMIER A.S. JALLUD LEFT POLAND FEB 11 FOR PRAGUE, CONCLUDING A FOUR-DAY VISIT WHICH WAS CAPPED BY SIGNING OF POLISH-LIBYAN ECONOMIC AGREEMENT. DURING HIS STAY JALLUD, WHO WAS ACCOMPANIED BY LIBYAN ECONOMIC MINISTER ABU BAKR SHARIF, CONFERRED WITH FIRST SECRETARY GIEREK, PREMIER JAROSZEWICZ, VICE PREMIER KAIM, AND DEPUTY CHAIRMAN OF THE PLANNING COMMISSION HENRYK KISIEL. JALLUD ALSO VISITED THE PLOCK PETROCHEMICAN REFINERY. END SUMMARY.
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2. ACCORDING TO PRESS ACCOUNTS, THE LONG-TERM AGREEMENT COVERING ECONOMIC, SCIENTIFIC AND TECHNICAL COOPERATION, THE FIRST OF ITS TYPE IN POLISH-LIBYAN RELATION, PROVIDES FOR SUPPLIES FO POLISH EQUIPMENT IN RETURN FOR UNSPECIFIED QUANTITIES OF LIBYAN OIL. POLAND IS TO DESIGN AND EQUIP COMPLETE PLANTS IN THE LIBYAN ENERGY SECTOR, AND TO PROVIDE MACHINERY FOR MANUFACTURE OF BUILDING MATERIALS FOR RAOD AND RAIL LINE CONSTRUCTION, AND FOR DEVELOPMENT OF CITIES AND SETTLEMENTS. IN CONNECTION WITH THESE PROJECTS, THE POLES ANTICIAPTE CORRESPONDING INCREASES IN THE NUMBER OF THEIR SPECIALISTS WORKING IN LIBYA.

3. THE OIL AGREEMENT IS DESCRIBED AS PROVIDING FOR ANNUALLY INCREASING SUPPLIES OF LIBYAN CRUDE OIL UNTIL 1980, WITH BOTH QUANTITIES AND CONTRACT CONDITIONS TO BE RENOGITIATED EACH YEAR.

4. THE OFFICIAL COMMUNIQUE OF THE VISIT, RELEASED FEB 13, NOTES THE INTEREST OF BOTH SIDES IN EARLY DISCUSSIONS REGARDING AN IAR TRANSPORT AGREEMENT. THE COMMUNIQUE ALSO ANNOUNCED ACCEPTANCE BY PREMIER JAROSZEWICZ AND CHAIRMAN OF THE COUNCIL OF MINISTERS HENRYK JABLONSKI OF INVITATIONS FOR AN OFFICIAL VISIT TO LIBYA. NO DATE FOR THE VISIT HAS BEEN SET.

5. COMMENT: THE POLES ANNOUNCED IN JANUARY OF THIS YEAR THAT 1.1 MILLION TONS OF CRUDE OIL WOULD HAVE TO BE IMPORTED FROM SOURCES OUTSIDE COMENCON DURING 1974. THUS FAR WE HAVE NOT BEEN ABLE TO CONFIRM REPORT (REF A) THAT POLAND CONTRACTED FOR 1 MILLION TONS OF LIBYAN OIL AT A PRICE OF $16 PER BARREL. HOWEVER, IRANIAN AMBASSADOR TOLD US THIS WEEK THAT HE HAD HEARD 1 MILLION TONS WAS THE AMOUNT POLES AND LIBYANS WERE DISCUSSING. ON THE OTHER HAND,A USUALLY WELL-INFORMED POLISH ECONOMIC JOURNALIST DENIED THAT POLAND HAD BOUGHT OIL AT THAT PRICE.

6. POLAND'S ENTRY INTO THE WORLD CRUDE OIL MARKET AT LIMITED OFFICIAL USE

THIS TIME CONFIRMS INCREASING POLISH DEPENDENCE UPON NON-COMECON SOURCES FOR FUEL SUPPLIES. FACT THAT POLISH-LIBYAN AGREEMENT EXTENDS THOUGH NEXT FIVE-YEAR PLAN(1976-80) INDICATES POLES HAVE ABANDONED ANY HOPE THAT SOVIET CRUDE OIL SUPPLIES MIGHT BE INCREASED SUFFICIENTLY TO SATISFY FUTURE POLISH REQUIREMENTS.

7. DESCRIPTION OF THE AGREEMENT RELEASED FOLLOWING

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JALLUD'S DEPARTURE GIVES NO IDEA OF THE QUANTITITES OF OIL TO BE SUPPLIES TO POALND NOR IS ANY REFERENCE MADE TO THE FORM OF PAYMENT. WE ASSUME THAT AT LEAST SOME OF THE COST WILL BE OFFSET BY SHIPMENTS OF EQUIPMENT AND BY SERVICES OF POLISH SPECIALISTS , AN ARRANGEMENT THE POLES WOULD CERTAINLY FAVOR, BUT SOME HARD CURRENCY PAYMENT MAY BE INVOLVED AS WELL. PUBLIC INFORMATION ON THE AGREEMENT HAS ALSO OMMITTED ANY REFERENCE TO TRANSPORTATION ARRANGEMENTS FOR SHIPMENT OF THE OIL. END COMMENT.

8. AN MFA PROTOCOL OFFICIAL INFORMED EMBASSY OFFICERS THAT ABOUT 3,000 POLISH TECHNICIANS ARE NOW WORKING IN LIBYA. HE ADDED THAT THE POLES ARE COOPERATING ON A PROJECT TO BIULD HOUSING FOR A NEW TOWN OF 100,000 INHABITANTS ON THE LIBYAN COAST.

9. JALLUD'S VISIT WAS EVIDENTLY HASTILY ARRANGED. THE PROTOCOL OFFICIAL MENTIONED THAT THE POES HAD RECEIVED ONLY FOUR DAYS' ADVANCE NOTICE. ADDITIONALLY, THEY WERE TOLD THERE WOULD BE 25 PERSONS IN THE DELEGATION, BUT NEARLY TWICE THAT NUMBER ARRIVED. NEVERTHRELES, THE OFFICIAL INDICATED THE VISIT HAD GONE SATISFACTORILY.
DAVIES

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